E-Commerce In Slovenia: "Kindergarten" Years

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Abstract

After the initial few years that witnessed the birth and first steps of e-commerce applications, this paper presents the present state of e-commerce in Slovenia. The EU accession process has brought many changes and challenges for companies in candidate countries – Slovenia being among them – including the use of e-business technology. The vast majority of Slovenian companies have been increasingly recognizing the need to operate electronically. However, most companies are still at the beginning stage: e-business has not reached profoundly the operational processes. Nevertheless, some e-commerce businesses survived the tough initial years and proved to be successful.

1. Introduction

One of major goals of the European Union is that Europe becomes a much more digital economy. The enlargement of the EU makes this all the more challenging. Social inclusion of candidate countries' citizens is vital to the success of this major enlargement, and digital inclusion is an important aspect of it. The EU accession process has already brought many changes and challenges for companies in candidate countries – Slovenia being among them – and the use of e-business technology is certainly one of them.

In the first part of the paper, we briefly illustrate the process of adoption of information and communication technology (ICT) in Europe and candidate countries, since this is the business environment that Slovenian companies operate in. Next, we present an overview of e-business development and its state in Slovenia, demonstrating a comparison between e-business in Slovenia and selected European countries. In the third part of the paper, we focus on three examples of Slovenian online stores that successfully overcame the troubles of initial years and we point out the main reasons for their success.

2. The Adoption of ICT in Europe

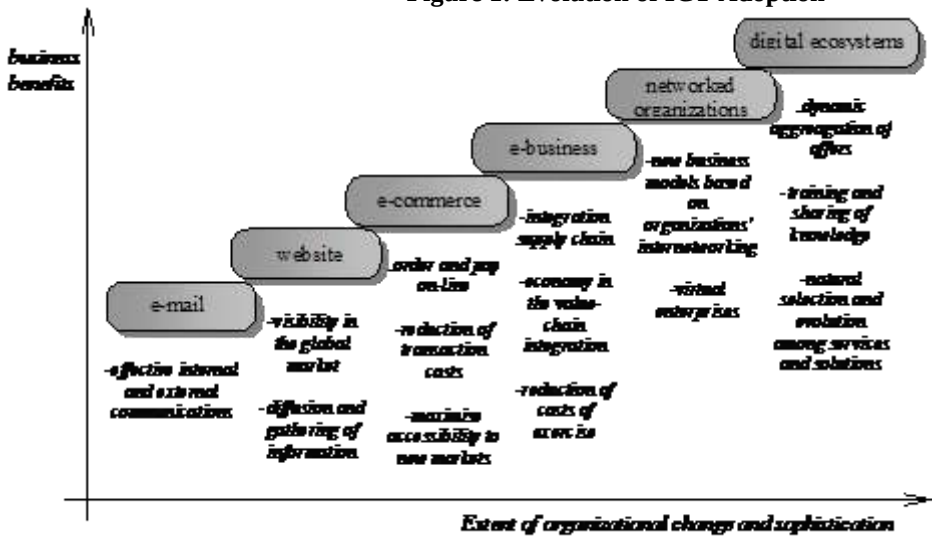
At the Lisbon Summit in March 2000, European heads of state and government recognized that Europe must become a much more digital economy. In order to improve the quality of life of its citizens, the working conditions of its workers and the overall competitiveness of its industries and services, they set a new goal for the European Union: to become the most competitive knowledge-based society in the world by 2010.

Already in November 1999, the European Commission put forward its eEurope initiative with the purpose to manage this transition, both within the Union and in the candidate-countries of Central and Eastern Europe. eEurope and its component programmes (eLearning, eHealth, eGovernment and eBusiness) focus on fully exploiting the potential of information and communication technology (ICT) for boosting economic growth, creating new jobs and generating greater prosperity.

The European Commissioner for Enterprise and Information Society Erkki Liikanen is convinced that the competitiveness of European enterprises strongly depends on the productive usage of ICT (e-Business Market Watch, 2003, pg. 5). In order to reap the real benefits of investing in ICT, companies need to take further steps beyond simply »going digital«. They need to improve both employers' and employees' skills, as well as to integrate

ICT into their business processes. The focus now needs to be shifted from basic connectivity and electronic commerce transactions to conducting business electronically all along the value chain. The adoption of Internet-based technologies for e-business is a continuous process, with sequential steps of evolution. The steps could be classified into 6 phases: 1) e-mail, 2) web-presence, 3) e-commerce, 4) e-business, 5) networked organizations and 6) digital business ecosystems (Figure 1).

Figure 1: Evolution of ICT Adoption



Source: Adapted from Cisco Information Age Partnership study on e-commerce partnerships and from Business in the Information Age - Nachira, 2002, pg. 7.

There is now sufficient evidence that companies across the EU have significantly improved their basic ICT infrastructure and conne.ctivity to the Internet. For example, according to a Eurobarometre survey, almost 90% of firms with more than 10 employees have an Internet connection and more than 60% have a website (European Commission, 2002, pg. 13). Two often-cited indicators that can be used to assess the supply of information available through the Internet and can be compared internationally are the number of Internet hosts and secure servers (Coppel, 2000, pg. 5). Especially the latter gives a reasonable measure of e-commerce activities. These indicators show e-commerce to be expanding at a very brisk pace. The number of secure servers in the EU went up by 124 % in the period July 1999 - July 2000 and by 71 % in the following year (Eurostat, 2002, pg. 100).

The European Commission launched the e-Business Market Watch to monitor the growing maturity of electronic business across different sectors of the economy in the EU. Since January 2002 it has covered seven manufacturing sectors and eight financial and service sectors. While sell-side e-commerce, and particularly B2C, has not yet reached the volumes anticipated during the boom-and-hype time of the Internet economy, online purchasing seems to spread fast. E-Business Market Watch (2003, pg. 7) reports that 34 % of small enterprises (accounting for 42 % of employment) and nearly half of large enterprises say they make online purchases of MRO goods or direct production goods. On average, around 20% of European companies buy and sell over the Internet, with Germany, Ireland and the UK leading in the sales part, and Denmark and Finland being strong on the online purchasing side (above 40% of the companies) (European Commission, 2002, pg. 13).

The use of e-mail and WWW has become nearly ubiquitous in the world of business. For example, 46 % of all companies and 80 % of large companies have their own websites (Deiss, 2002, pg. 2). However, active usage of networks for e-commerce or e-business is less frequent, especially by small and medium enterprises (SME further in the text). Even in the most advanced member states, only a minority of SME's uses the Internet for commercial transactions and can handle transactions electronically. Eurostat reports that 25 % of SME's used e-commerce for

purchasing and 17 % for sales (Deiss, 2002, pg. 3 – 5). Comparing with the explosive growth of e-business worldwide, especially in the US, these figures are alarming signs that European SME's are not yet fully committed to the Internet. The e-business opportunities are mainly taken by large organizations, whilst smaller companies face well-known barriers: costs of implementation, budget constraints, lack of technological awareness, lack of ICT skilled/enabled workforce, difficulties to determine costs and benefits, unfamiliarity with e-business models, and questions of reliability and security of technology (Nachira, 2002, pg. 8).

Beside this size-based digital divide between larger enterprises and SME's, statistical evidence also points to regional digital divide between North/West and the South European member states (Nachira, 2002, pg. 3). The EU is committed to help Europe catch up. By channeling efforts at regional, national and European levels, it aims to ensure that the digital economy brings benefits to all European citizens and companies. The enlargement of the EU makes this all the more important. Social inclusion of candidate countries' citizens is vital to the success of this major enlargement, and digital inclusion is an important aspect of it.

There is a lack of specific statistical information on e-business (or on e-commerce) development in the new EU member countries[1] or other candidate countries[2.] However, we can get an acceptable estimation by using indicators such as the number of Internet hosts, websites and secure servers. There is already a wide gap between the US and the EU in the number of Internet hosts (the number of European Internet hosts is only about one third of the American), but the candidate-countries are even further behind, with the exception of Estonia, which outpaced even EU per capita average (see Table 1). The gap in the amount of information available through the Internet comparing the EU and candidate countries is even more obvious when we consider the number of web sites. There are only 15 websites per every 10,000 inhabitants in candidate countries, while the corresponding number for the EU is 164 websites (see Table 1).

Secure servers allow users to encrypt information on, for instance, credit card data, which facilitates e-commerce. A count of secure servers, thus gives a reasonable measure of the distribution of e-commerce activities across countries. The figures in Table 1 demonstrate that about half of secure servers in candidate-countries are Polish or Czech, but it is again Estonia and Slovenia that have the most secure servers per capita, reaching approximately 80% of EU per capita average.

Overall, we can say that in the majority of candidate countries the utilization and deployment of e-business remains quite low, especially if compared to the EU or the US, largely due to high cost and telecom monopolies, the lack of support and use by the governments, inadequate legal and regulatory framework and unfriendly (often overly burdensome) business environment. A report by McConnell International on e-readiness rated Estonia high in three of five categories observed, including e-leadership, human capital and business climate (McConnell, 2000). The other two categories were connectivity and information security. The survey found out Bulgaria, the Czech Republic, Hungary, Latvia, Lithuania, Poland, Slovakia and Slovenia need to make improvements in the conditions necessary to support electronic business and government.

A study by IDC (Moore, 2001) found out online purchases by Slovenian consumers represented two thirds of all B2C e-commerce generated in the researched region (Bulgaria, Romania, Slovenia and Croatia) in 2001. According to IDC[3], the total value of e-commerce transactions in the four Visegrad countries[4] in 2000 was EUR 117 million, in 2001 they predicted a jump to over EUR 760 million. B2B purchasing was predicted to experience the highest growth and account for two thirds of transactions in 2001, online procurement as part of a supply chain should represent one fifth of the total, while the remaining EUR 117 million should come from B2C consumer spending. We were not able to establish to what extent these predictions turned out to be true.

[1] Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, and Slovenia.
[2] Bulgaria, Romania, and Turkey.
[3] See URL: [http://www.altevie.net/mediagraphix/europeaninternetstats/].
[4] Visegrad countries are Poland, Hungary, Slovakia and the Czech Republic.

Table 1: The Number of Internet Hosts, Secure Servers and Websites in Selected Countries

	Internet penetration - companies *(2000)*	**Internet hosts**		**Secure servers**		**Websites**	
		June 2002	*per 100 inhabitants*	*January 2001*	*per million inhabitants*	*July 2002*	*per 10,000 inhabitants*
Poland	11	**526,258**	1.4	**326**	8	37,931	10
Romania		45,081	0.2	53	2	6,496	3
Czech Republic	95	215,429	2.1	273	27	**47,644**	**46**
Hungary		172,363	1.7	127	13	33,721	33
Bulgaria		29,840	0.4	18	2	914	1
Slovakia		80,962	1.5	79	15	18,803	35
Lithuania	60	40,310	1.1	43	12	3,523	10
Latvia	45	31,619	1.3	43	18	4,530	19
Slovenia	**100 (large)**	33,581	1.7	102	52	3,847	20
Estonia		88,318	**6.2**	80	**56**	3,761	26
Total		**1,263,761**	**1.2**	**1,144**	**11**	**161,170**	**15**
EU	**70***	**13,463,000**	**4**	**19,636**	**65**	**4,968,564**	**164**
USA	**85***		**12**	**78,127**	**282**		

* Small and medium enterprises.

Sources: Netcraft, 2001; RIPE, 2002; ESIS homepage (Data by country); Hobley, 2001; U. S. Internet Council & ITTA Inc., 2000; Coppel, 2000.

Note: All data have been collected from readily publicly available sources of information. As they depend on definitions that are not standardized in all countries, or in some cases on estimates, and also due to the difficulty to obtain statistical data and series in several countries covered, **these indicators should be considered only as indicative of general situation.**

3. E-commerce in Slovenia

Similarly to companies in the EU countries, the Slovenian companies slowly progressed through the phases of the ICT adoption process. In the following two paragraphs we demonstrate an overview of e-business and e-commerce development in Slovenia, while in the third paragraph we present a comparison between e-business in Slovenia and selected European countries.

3.1. In the beginning

In its beginning, the spread of Internet usage in Slovenia was one of the fastest in Europe, due to the availability of new technologies, policies of Arnes[5] and relatively low priced telephone services (Vehovar, 2000). However, after 1998 the growth of Internet usage, compared to European average, has dramatically slowed down: in 1998 the share of Internet users in Slovenian population (15 years and older) was at the European average level, whereas in July 2001 it was about half as big (25% as opposed to 47%). Nevertheless, in 2001 the number of Internet users again increased by 40%.

In accordance to the fast growth in Internet usage in the population, in 2000, the RIS[6] project results (December 2000/January 2001)[7] showed that practically all big companies and the majority of smaller ones used the Internet, mainly to gather business information and communicate, but rarely to carry out business processes. Only 10% of companies that had Internet access generated e-business revenues, which typically represented less than 1% of total revenues, but the majority of companies believed that the Internet had important influence on their business.

[5] Academic and Research Network of Slovenia, an institution whose main task is to develop, operate and manage the communication and information network for education and research.

[6] The RIS project is an academic and nonprofit research project at the University of Ljubljana (Slovenia), Faculty of Social Sciences. It is dedicated to gather, interconnect and analyze empirical data connected with the relevant aspects of Internet. See URL: [http://www.ris.org].

[7] See URL: [http://www.ris.org/publikacije/j_eposlovnj.htm].

Electronic banking transactions were widely used, while online sale and electronic ordering (e-procurement) were limited to a few percent of all companies or orders, respectively.

A half of Slovenian companies with Internet access used e-business (i.e. document exchange with up to 5 partners), the reasons for its implementation being better service quality, flexibility, competitive advantage and new markets, followed by somewhat less important cost reduction and sale increase. Most of them considered that e-business implementation should reduce costs by more than 10% in order to be justified. Besides, companies listed human and financial resources shortage as main obstacles to greater implementation. Companies using e-business thought that it would be the prevalent standard of doing business for their industry in the period of 2-3 years.

3.2. "Kindergarten years"

Two years later, in December 2002, the RIS project results showed some contradictory trends. On one hand, e-business expanded, since 93% of all companies were using Internet and 58% were using e-business. The most commonly used business services that were carried out on the Internet were: banking transactions (81% of companies), B2B payments[8] (79% of companies), receiving customers' orders (57% of companies), ordering goods and services from suppliers (48% of companies) and data exchange (41% of companies). On the other hand, the spread of online sale was not so fast. Only 6% of all companies that used the Internet were selling online and less than 1% of all companies that used the Internet were selling on-line with credit/debit card authorization. (Vehovar et al., 2003, pg. 3)

More mid-range companies (72%) than large companies (65%) used e-business. Companies used e-business mainly in B2B segment (81%), followed by internal operations (47%), B2C segment (40%) and B2G segment (38%). One fifth of companies that used e-business generated e-business revenues. Since the number of companies that reported orders received over the Internet is much higher than the number of companies reporting e-business revenues, the authors pointed out that some companies that received orders over the Internet did not regard these as e-business revenues (Vehovar et al., 2003, pg. 3). This can be seen also from the fact that in general, companies did not think that Internet increases revenues, but they agreed that it increases productivity.

Only 17% of all Slovenian companies reported getting electronic orders from end consumers. Companies that reported e-business revenues from B2C got about 10% of all B2C revenues from electronic sale. This estimate does not include large retail chains, where the share of on-line revenues was much smaller. Therefore, altogether online revenues still represented less than 1% of all revenues in B2C. Among companies that used e-business, 25% of them received electronic orders from other companies, while revenues from electronic B2B represented about 19% of all revenues in B2B. (Vehovar et al., 2003, pgs. 3 – 4)

Most companies got electronic orders still via e-mail. Only about 25% of companies that use e-business had special applications for electronic ordering, among them a good half of companies had electronic ordering systems automatically connected to accountant information and payment systems, but only 11 % had ordering systems connected to inventory control/track systems. (Vehovar et al., 2003, pg. 4)

About two fifths of companies that had Internet access used Internet for ordering goods and services from suppliers. These companies submitted about 20% of all their orders over the Internet, which represent about one third of the value of all their orders. (Vehovar et al., 2003, pg. 4)

Companies reported the following advantages of e-business as most important when considering e-business implementation (in rank order of their importance): the acceleration of business processes, better service quality, better company image, access to new consumers' segments, reduction of the cost of sale, and competitive advantage. The main obstacles listed were: the lack of users, the lack of skilled human resources and high cost of hardware and software. A half of companies considered that e-business implementation should reduce costs at least by 15% in

[8] Until the end of 2002, the B2B payment system in Slovenia has not been carried out by the banks, but by a specialized government agency. This agency developed an e-business application that enabled payment settlement between companies. In 2003 the payment system was transferred to banks.

order to be justified, but more and more companies consider that cost reduction by 5% is enough in order to justify e-business implementation. Still, about a half of companies that already use e-business believed it would be the prevalent standard of doing business in their industry in the period of 2 – 3 years. On the other hand, the share of companies that believed e-business would never become the prevalent standard was increasing and only a few companies expected they would generate more than one third of revenues from online sale in the next five years. (Vehovar et al., 2003, pgs. 2 – 3)

The latest data on e-business in Slovenia (June 2003) come from a RIS telephone survey on e-business project valuation[9]. About two thirds of companies interviewed reported using e-business. About two thirds of them used e-business for internal operations and B2B, while about one third used it for B2C and B2G. A half of companies that used e-business reported at least one project with budget over SIT 1 mio (c. EUR 4,200). Most of these projects were intended for e-business applications for internal operations. One third of companies reported projects between SIT 1 and 5 mio (c. EUR 21,000), almost one tenth of companies reported projects between SIT 5 and 10 mio (c EUR 42,000), and another tenth of companies reported projects over SIT 10 mio. It is encouraging that the satisfaction with e-business projects is exceptionally high; according to companies interviewed, the implementation of these projects shortened the duration and improved the quality of business processes. (RIS website)

3.3. Slovenia vs. the EU

RIS researchers carried out another study in 2003, in which they compared Slovenian statistical indicators with seven selected EU countries (Germany, France, Italy, Finland, UK, Greece and Spain). The data were obtained in the year 2002, the methodology was slightly different than in the study presented in the previous paragraph[10], so the results are not to be directly compared. We present some key findings of the study for the e-commerce module.

In Slovenia, the leading role in selling goods over the Internet was played by mid-range companies, while in most EU countries the percentage of the companies selling goods over the Internet was rising with the size of the company. E-commerce was highly present in third[11] and fourth[12] sector, but the forth sector (according to its purpose) was not making profit with e-business. Slovenia had a similar structure of B2B/B2C sales as EU countries on average. In most cases online sales represented up to 5% of total sales. Slovenian companies lagged behind EU in the usage of Internet to purchase goods or services. (Vehovar, Jovan, 2003, pg. 8)

- The research showed that about two thirds of companies that sell online got only up to 5% of all B2B orders on-line. On the other hand, about one third of companies which make profit from selling goods/services over the Internet in Slovenia produce over 25% of all B2B sales over the Internet. (Vehovar, Jovan, 2003, pg. 37)
- In B2C sales about 90% of companies, that sell online, got less than 5 % of all orders online. Similarly as in B2B, about two thirds of companies which make profit from selling goods/services over the Internet got more than 25% of all B2C orders online (Vehovar, Jovan, 2003, pg. 38). The authors believe this points out
- Ordering/purchasing goods or services online is not widely present among Slovenian organizations. Among all organizations that have access to the Internet, 37% use the Internet to order/purchase goods or services, what is just slightly behind EU-7 average (41%). Among companies making profit from e-commerce, this percentage was very small – only 11% of them also use Internet to order/purchase goods or services, which puts them in the last position among surveyed countries. (Vehovar, Jovan, 2003, pg. 8)
- For the majority of Slovenian and EU-7 companies that sell online, online orders in B2B presented up to 5% of MRO goods. For one third of Slovenian companies, that sell online, they represented more than 25%, which is the largest share among surveyed countries. Different structure can be seen among

[9] http://www.sisplet.org/ris/ris/dynamic/readpublications.php?sid=160
[10] The data in the RIS 2002 study were not weighted, while the data in the comparative study were weighted by different weights (e.g. by employment or by establishment). For more on methodology of the comparative study see http://www.sisplet.org/ris/ris/uploads/publikacije/2003/SIBIS_RIS_DMS_october_2003_x_vesna4.doc.
11 Financial and business services.
[12] Public administration, health, education, other social and personal services.

companies, which are using and making profit with e-commerce. Among them, 35% are purchasing on-line up to 25% of MRO goods and 35% more than 25%. (Vehovar, Jovan, 2003, pg. 9)

Slovenian companies saw a major obstacle for the implementation of online sales in the fact that their suppliers did not sell online. Besides, on average they were much more concerned about data protection/security issues than enterprises in EU-7 countries. (Vehovar, Jovan, 2003, pg. 9)

The results also indicate that Slovenian e companies were not very familiar with e-marketplaces. The authors believe this is the result of underdeveloped e-marketplace services in Slovenia. Less than 6% of Slovenian companies took part in the trade on e-marketplaces, while the corresponding share for EU-7 is 10%. Slovenian companies participated on e-marketplaces only with the catalogue-based offering/purchasing of products/services, while EU-7 companies participated also with auctions, launching and answering calls for tenders, and "powerbuying". (Vehovar, Jovan, 2003, pg. 9)

4. Examples of Successful Slovenian E-Commerce Businesses

Although e-business and e-commerce did not reach the optimistic predictions of their exuberant expansion and profitability in the beginning of the new millennium, there is some evidence that the industry is stabilizing, consolidating and refining itself in the process of survival of the fittest. In the previous paragraphs we showed that e-business and e-commerce are expanding in EU countries, as well as candidate countries, including Slovenia. Slovenian companies increasingly engage in e-commerce and e-business activities, but in general they still lag behind EU companies. In the evolution of e-commerce in Slovenia a number of successful online stores emerged. We present three of them in the following paragraphs.

4.1. Online Home-store Merkur

Merkur is the biggest home-store company operating mainly in Slovenia. Its online shop[13] received *Netko award* for the best website and online shop in Slovenia in 2002 and this is why we chose it as our example. It set up its online shop already in November 2000; in May 2001 it was renovated to its present form. It was born as a marketing project whose missions were: 1) to enhance corporate image, 2) to influence buying decisions, and 3) to sell. It is intended above all for promotion, acquiring e-business know-how and experience, profitability is somewhat less important at the moment.

The online shop also does not represent a profit or a cost center for Merkur. Furthermore, only two people work on this project in the company, one is from the marketing department (Internet communication editor), while the other manages online orders. They cooperate with two outside companies: one designs their web pages and the other publishes the electronic catalogue on the Internet. Also, they do not have any system for monitoring business performance of the online shop.

Merkur's online shop is a typical B2C online shop, but in the future Merkur plans to upgrade it also for B2B operations. At the moment, sale is the only revenue source for the online shop. There are more than 2,000 items users can choose from, which are available in Merkur's physical stores as well. Prices are the same as in traditional stores, convenience of online shopping and 24-hours service are thus the main benefits for users. Some additional features like order status tracking, tips for home and garden, e-news, users' forum, e-cards, FAQs are also part of this website. Customers can pay online by credit cards or C.O.D. Delivery is free for orders exceeding SIT 10,000 SIT (c. EUR 42) and goods are usually delivered in two days. Delivery is carried out by post, except in cases of larger products when company's transportation is used. (Tekavčič, Marc, 2003)

[13] See URL: [http://nakup.merkur.si].

5. Online Supermarket Mercator

Mercator d.d. is one of the largest and most successful retailing chains in South Eastern Europe and the biggest retailer in Slovenia, focusing mainly on wholesale and retail sale of grocery and other consumer goods. The company launched its online supermarket in April 1999, but the store was modernized in November 2003. Mercator's on-line store was the first one in Slovenia to receive the internationally acknowledged certificate Q web, which ensures secure transactions, clear and true terms/conditions of on-line shopping service and systematic dealing with customers' complaints.

This is a typical B2C online shop, too and at the moment sale is the only revenue source. Customers can chose among more than 4,500 items in different categories. The pricing policy is the same as in traditional Mercator's stores and supermarkets. The value added comes mainly from the convenience of on-line shopping and 24-hour service. The store offers also some additional features like recommended items, most popular items in each category of products, low price actions, tips for healthy food and life, recipes, FAQ's etc. Customers can pay on delivery in cash or by credit/debit cards; delivery is free for orders exceeding SIT 15,000 (c. EUR 63).

6. Online Bookstore "Emka"

"Emka" is the largest Slovenian Internet bookstore. It is operated by Mladinska knjiga d.d., a major Slovenian publishing house. Mladinska knjiga also operates five other smaller online stores: "Svetknjige.si" (a book club offering special prices for members), "Ciciklub.si" (offering books, educational CD's, cartoons, movies and music for children, e-contents for children), "ucbeniki.com" (offering textbooks for primary and secondary schools, e-contents for pupils), "Promocijska darila" (offering promotional gifts) and "FpoF" (offering books presented at the international Frankfurt book fair).

The bookstore "Emka" was launched in autumn 2000. Together with five other online shops owned by Mladinska knjiga, it offers over 15,000 items. The book prices are the same as in traditional stores, but online customers can collect "loyalty points" by buying books and other products offered, completing opinion polls and other questionnaires, and writing customers' book reviews. The points can be exchanged for a selected range of products. Instead of lowering prices, the store builds its competitive advantage by improving the quality of offer, providing purchasing recommendations, extensive information on products offered and improving the ordering process. The bookstore has also some additional features such as gift recommendations, most popular books (in each category) and customers' recommendations. Delivery is free; customers can pay on delivery (cash, credit/debit cards) or online, using credit/debit cards or an e-banking service.

Table 2 presents a comparison of features for the three depicted Slovenian online shops. They all recorded significant growth in the number of visitors and buyers, but the share of online sales in total revenues is very small, since these are all Internet branches of larger retail stores. Nevertheless, high annual sales growth rates and increasing average purchase value are promising indicators of e-commerce in the future.

Where is the secret of their success? We find two main reasons for their success. Firstly, in contrast to some failed businesses, they all have enough financial resources provided by their strong "mothers" to overcome the critical initial phase of launching e-commerce. Secondly, they all followed business models tried out by similar worldwide companies and simply adapted them to the level of ICT adoption in Slovenia.

Table 2: A Comparison of Characteristics of the Three Biggest Slovenian Online Shops

	Online Shops		
	www.mercator.si	**https://nakup.merkur.si**	**www.emka.si and five web catalogues MK**
Number of products	More than 4,500	About 2,300	Over 15,000
Number of visitors and buyers	Constantly growing, 45% growth of visitors, 25% growth of buyers in 2003	70,000 visits per month, 30,000 visitors per month and 100-200 buyers per month in 2003	3,000 visitors per day and 45 orders per day in December 2003
Sales	N/a	Relatively low, less than 1% of one of their traditional store's sales	More than 1% of total sales
Annual sales growth	55% in 2003	25% in 2003	30-60% in 2003
Average purchase value	SIT 20,000 (c. € 84) in 2003	SIT 43,000 (c. € 180) in 2003	SIT 5,000 – 15,000 (c. € 21 – 63) in 2003
Payment	On delivery, every type of payment that is possible in traditional Mercator stores (cash, credit cards, debit cards etc.)	C.O.D. or online using credit cards.	C.O.D., with credit cards, Klik (NLB's e-banking service*)
Restrictions	Delivery only in the wider area around the two biggest cities: Ljubljana and Maribor	Delivery only in Slovenia	Different conditions for different catalogues
Delivery charge	SIT 800 for orders under SIT 15,000, otherwise free	SIT 500 for orders under SIT 10,000, otherwise free	Free delivery
Problems	Delivery service has parking problems in the center of Ljubljana	About 10 customer complaints per year, the products are not always in stock, denied payments etc.	Occasional website problems, shipment or delivery problems.
Goals	To complete the logistic network for procurement and delivery in all major Slovenian cities.	To enable delivery outside Slovenia.	To improve the quality of offer, informing and recommending products to customers, to simplify ordering procedures.

*The largest Slovenian bank Nova Ljubljanska banka.
Source: Weiss, 2004, pg. 17.

7. Conclusion

Most companies are currently still at the beginning stages: e-business does not reach operational processes in depth. In general, companies start to implement e-business technology by using e-mail, creating promotional websites and online shops (e-commerce). These three phases are then followed by e-business applications (e.g. e-procurement, integration of inventory and production management). Companies in candidate countries are typically in one of the first three phases, but in the process of economic adaptation to the EU, they will soon recognize the need for more sophisticated upgrades of e-business technology. Either on their own or on demand by their European partners.

The vast majority of Slovenian companies have been increasingly recognizing the need to operate electronically. They have followed the progress of European companies to a certain extent, but mainly on "superficial levels", since most companies are currently still at the beginning three stages: companies are using e-mails, websites and they engage in e-commerce activities. Nevertheless, the data show that a minority of Slovenian companies is progressing to the next level of ICT adoption process; however, e-business has not reached profoundly the operational processes in these companies.

In the evolution of e-commerce in Slovenia a number of successful online stores also emerged. We presented and compared three of them. We found the reasons for their success are mainly strong financial background and tested business models.

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